

# EXHIBIT 2



**Kashmir Hill**, Forbes Staff

Welcome to The Not-So Private Parts where technology & privacy collide

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## Why An Investment Firm Was Awarded \$2.5 Million After Being Defamed By Blogger

It was the \$2.5 million dollar lawsuit heard round the blogosphere. The Seattle Weekly reported that an “Oregon blogger” had been found guilty of defamation and ordered to pay an investment firm \$2.5 million. The writer [suggested](#) that part of the problem for self-proclaimed “investigative journalist” Crystal Cox was that the judge in the case determined that she wasn’t a “journalist” according to Oregon law, because she was not “affiliated with any newspaper, magazine, periodical, book, pamphlet, news service, wire service, news or feature syndicate, broadcast station or network, or cable television system.”



No miscarriage of justice here.

This has led to a slew of angry stories, pointing out that bloggers are journalists. But these stories have not dug deeply enough. The facts in the case are far more complicated, and after hearing them, most journalists will not want to include Cox in their camp.

This story is not like that of [Johnny Northside Hoff](#), the Minneapolis blogger who was (unfairly) ordered to pay \$60,000 to a university employee after a truthful post about mortgage fraud led to his firing. If you Google Crystal Cox’s [work](#) about Obsidian Financial Group, you will find a host of websites full of erratic writing about the firm’s allegedly unethical practices, with domain names like “obsidianfinancialsucks.com.” She mainly directed her ire at firm principal Kevin Padrick. His search results [are ruined](#) — dominated by posts on websites Cox created, such as “bankruptcytrustfraud.com,” “realestatelies.com,” and “realestatehoax.com.” Obsidian’s tech team found dozens of sites that appeared to have been created by Cox to write about Obsidian, says Padrick, and over 1,900 others that she had created to write about other people and companies. This is not the work of a journalist, but the work of someone intent on destroying reputations.

Padrick told me this has been going on for three years. There is a rather complicated back story — involving his being appointed a Chapter 11 trustee for a business that went belly-up Ponzi-style in 2007, and some of those involved not being happy about misappropriated funds being reclaimed. After

hundreds of posts — those that I’ve read strike me, frankly, as unhinged — Cox contacted Obsidian and offered them “reputation services.” Padrick sent along a copy of an email that Cox sent to his attorney:

**David Aman**

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**From:** Crystal L. Cox [savvybroker@yahoo.com]  
**Sent:** Wednesday, January 19, 2011 2:23 PM  
**To:** David Aman  
**Subject:** From Crystal L. Cox

Hello David, I hope this eMail finds you doing well. All said and done, looks like Summit boys going to Jail.. and Well I don't think that Kevin acted with the Highest of Integrity.. however at this Point in my Life it is Time to Think of Me.

So I want to Let you know and Obsidian Finance that I am now offering PR Services and Search Engine Management Services starting at \$2500 a month to promote Law Firms... Finance Companies.. and to protect online reputations and promote businesses..

Please Let me know if Tonkon Torp or Obsidian Finance is interested in this service..

thanks for your time..

in Love and Light



**Crystal L. Cox**  
 Investigative Blogger  
 Real Estate Broker Owner -

After a failed attempt to get the Oregon Attorney General to investigate Cox, Obsidian filed a defamation case in January 2011, and Padrick first met Cox on the first day of the trial.

The judge found that most of what Cox had written about Obsidian was purely opinion, protected by the First Amendment — and so hyperbolic that no reasonable person would believe it — but did let the case go to trial based on one blog post with very specific allegations about Padrick and Obsidian committing fraud. Cox claimed to have a source for that information, but a trial by jury found that her claims were false, and found her guilty of defamation. Obsidian’s lawyers had asked for a million dollars. The jury awarded Obsidian and Patrick \$2.5 million.

“She has decimated my business. It’s half of what it was,” says Padrick. “She’s ruined my reputation, my life.”

A reminder here: she wasn’t able to prove at trial that what she had written was true. Do we really want to claim this person as one of our own, folks?

Most of those who have written about the case have focused on a pre-trial opinion from the judge in which he points out that “blogs” are not defined in Oregon’s laws as “media.” (They should probably fix that.) But the more important definition of media was closer to the end of the [opinion](#) [PDF]:

“Defendant fails to bring forth any evidence suggestive of her status as a journalist. For example, there is no evidence of (1) any education in journalism; (2) any credentials or proof of any affiliation with any recognized news entity; (3) proof of adherence to journalistic standards such as editing, fact-checking, or disclosures of conflicts of interest; (4) keeping notes of conversations and interviews conducted; (5) mutual understanding or agreement of confidentiality between the defendant and his/her sources; (6) creation of an independent product rather than assembling writings and postings of others; or (7) contacting “the other side” to get both sides of a story. Without evidence of this nature, defendant is not “media.”

“The medium shouldn’t define who is media,” says Padrick.

Yes, there are bloggers who are journalists. But just because you have a blog doesn’t mean that what you do is journalism.

**This article is available online at:**

<http://www.forbes.com/sites/kashmirhill/2011/12/07/investment-firm-awarded-2-5-million-after-being-defamed-by-blogger/>